



DISTRICT ENERGY

ST. PAUL™

AA/EEO Employer/M/F/Veterans/Disability

Hans O. Nyman Energy Center
76 Kellogg Boulevard West
Saint Paul, MN 55102 - 1611

Tel: 651.297.8955
Fax: 651.221.0353
www.districtenergy.com

September 18, 2019

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 16, 2019, 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on all bills for hot water service beginning with the billing month of October 2019 and will remain in effect until superseded.

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,
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

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

	ACTUAL FY-2018	FY-2019		BUDGET FY-2020	NET CHANGES			
		BUDGET FY-2019	FORECAST FY-2019		FY-20B (-) FY-19B	FY-20B (-) FY-19B %	FY-20B (-) FY-19F	FY-20B (-) FY-20F %
<u>DEMAND CHARGE CALCULATION</u>								
OPERATION & MAINTENANCE EXPENSES	\$4,492,385	\$5,147,717	\$4,721,403	\$4,961,546	(\$186,171)	-3.6%	\$240,143	5.1%
GENERAL & ADMINISTRATIVE EXPENSES	2,429,987	2,243,179	2,533,831	2,563,874	320,694	14.3%	30,043	1.2%
NET CASH DEBT SERVICE	4,970,665	4,806,993	4,594,932	4,798,735	(8,258)	-0.2%	203,803	4.4%
CHANGE IN ASSETS & LIABILITIES	7,572,026	(1,044,837)	(1,500,693)	217,173	1,262,010	-120.8%	1,717,866	-114.5%
NET PLANT, PROPERTY & EQUIPMENT	2,516,541	7,976,073	8,465,422	2,233,323	(5,742,751)	-72.0%	(6,232,100)	-73.6%
BAD DEBT EXPENSE-DEMAND	101,673	10,000	(14,429)	10,000	0	0.0%	24,429	-169.3%
FORFEITED DISCOUNTS-DEMAND	<u>(26,468)</u>	<u>(17,920)</u>	<u>(25,339)</u>	<u>(30,400)</u>	<u>(12,480)</u>	<u>69.6%</u>	<u>(5,061)</u>	<u>20.0%</u>
TOTAL DEMAND RELATED COSTS	22,056,809	19,121,206	18,775,127	14,754,251	(4,366,955)	-22.8%	(4,020,877)	-21.4%
LESS: OTHER (REVENUE) OR COSTS	(921,687)	(893,142)	(943,585)	(958,951)	(65,809)	7.4%	(15,365)	1.6%
LESS: NEW DEBT	<u>(9,171,658)</u>	<u>(6,283,264)</u>	<u>(6,015,083)</u>	<u>(1,634,000)</u>	<u>4,649,264</u>	<u>-74.0%</u>	<u>4,381,083</u>	<u>-72.8%</u>
NET DEMAND REVENUE REQUIREMENT	\$11,963,464	\$11,944,800	\$11,816,460	\$12,161,300	\$216,500	1.8%	\$344,840	2.9%
DIVIDED BY AGGREGATE DEMAND (KW)	182,928	180,000	178,066	180,007	7	0.0%	1,941	1.1%
DIVIDED BY 12 EQUALS DEMAND RATE (\$/KW/MO)	\$5.45	\$5.53	\$5.53	\$5.63	\$0.10	1.8%	\$0.10	1.8%
% CHANGE VS. FY-19 BUDGET				1.8%				
<u>ENERGY CHARGE CALCULATION</u>								
FUELS, THERMAL ENERGY & OTHER ENERGY (ASSESSMENT) / REFUND	\$7,516,683	\$7,372,042	\$7,241,789	\$6,182,589	(\$1,189,453)	-16.1%	(\$1,059,200)	-14.6%
ELECTRICITY	(133,520)	80,750	202,254	366,447	285,697	353.8%	164,193	81.2%
BAD DEBT EXPENSE-ENERGY	313,480	452,628	451,848	436,364	(16,264)	-3.6%	(15,484)	-3.4%
FORFEITED DISCOUNTS-ENERGY	61,042	10,000	6,709	10,000	0	0.0%	3,291	49.1%
	<u>(26,468)</u>	<u>(17,920)</u>	<u>(25,339)</u>	<u>(30,400)</u>	<u>(12,480)</u>	<u>69.6%</u>	<u>(5,061)</u>	<u>20.0%</u>
TOTAL ENERGY REVENUES	\$7,731,217	\$7,897,500	\$7,877,261	\$6,965,000	(\$932,500)	-11.8%	(\$912,261)	-11.6%
DIVIDED BY TOTAL ENERGY SALES	348,136	351,000	352,292	350,000	(1,000)	-0.3%	(2,292)	-0.7%
ENERGY RATE (\$/MWH)	\$23.85	\$22.50	\$22.50	\$19.90	(\$2.60)	-11.6%	(\$2.60)	-11.6%
FUEL ADJUSTMENT RATE (\$/MWH)	<u>(\$1.64)</u>	<u>\$0.00</u>	<u>(\$0.14)</u>	<u>\$0.00</u>	<u>\$0.00</u>	-	<u>\$0.14</u>	<u>-100.0%</u>
TOTAL ENERGY CHARGES (\$/MWH)	\$22.21	\$22.50	\$22.36	\$19.90	(\$2.60)	-11.6%	(\$2.46)	-11.0%
% CHANGE VS. FY-19 BUDGET				-11.6%				
<u>SINGLE RATE CALCULATION</u>								
DEMAND RATE (\$/KW/MO) X 12 / 1700	\$0.0385	\$0.0390	\$0.0390	\$0.0397	\$0.0007	1.8%	\$0.0007	1.8%
PLUS ENERGY CHARGES (\$/MWH) / 1000	<u>0.0222</u>	<u>0.0225</u>	<u>0.0224</u>	<u>0.0199</u>	<u>(0.0026)</u>	<u>-11.6%</u>	<u>(0.0025)</u>	<u>-11.0%</u>
EQUALS SINGLE RATE (\$/KWH)	\$0.0607	\$0.0615	\$0.0614	\$0.0596	(\$0.0019)	-3.1%	(\$0.0018)	-2.9%
% CHANGE VS. FY-19 BUDGET				-3.1%				

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 2019** and shall remain in effect until superseded:

Two-Part Rate:

Demand	\$5.63 per kilowatt per month
Energy	\$19.90 per megawatt-hour

Single Rate: \$0.0596 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 2019

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.