

Steadfast
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“In 2020, Saint Paul came together in amazing ways. In 2019, we discussed that ‘Business is Good.’ In 2020, we witnessed that ‘Business DOES good.’ Business donations to the We Love the Midway/Saint Paul fund contributed to \$1.3M in grants back to the small business community. Undoubtedly, these investments will help more than 60 small businesses survive into 2021 – and beyond.”

B Kyle

President and CEO, Saint Paul Area Chamber of Commerce

SERVICE

local renewable reliable




DISTRICT ENERGY
ST. PAUL™



DISTRICT ENERGY
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2020 ANNUAL REPORT

Working toward Carbon Neutrality



As our customers work to reduce carbon in their buildings and operations, we will be working right alongside them to reduce our environmental impact together. We have made notable progress on carbon reduction by increasing efficiency, enhancing customer building performance, and upgrading production with higher efficiency equipment. Controls, metering, and data management have played a key part in optimizing areas of operations that can save the most energy and carbon. These improvements were part of our carbon neutrality planning in 2020 and will help us in our pursuit of becoming carbon neutral by 2050. 🌿

Financials

Rates and Unit Sales

Year-End September 30 FY2020 FY2019

HEATING SERVICES

Demand rate (\$/kW/mo)	\$ 5.63	\$ 5.53
Energy charge (\$/MWh)	\$ 20.10	\$ 22.21
Overall rate (\$/MMBtu, 1700 Util hrs)	\$ 17.53	\$ 17.95
Demand (kW)	179,611	177,143
Energy sales (MWh)	340,038	362,337

COOLING SERVICES

Demand rate (\$/ton/mo)	\$ 29.28	\$ 28.57
Energy charge (\$/ton-hour)	\$ 0.085	\$ 0.085
Overall rate (\$/ton-hour, 1200 Util hrs)	\$ 0.377	\$ 0.370
Demand (tons)	27,703	27,572
Energy sales (tons-hours in 000's)	32,885	34,138

Revenues and Expenses

Year-End September 30 (\$ In 000's) FY2020 FY2019

Operating Revenues

	\$ 32,673	\$ 33,391
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Operating Expenses

Fuel and energy	\$ 9,705	\$ 11,050
Non-fuel operating expenses	\$ 12,739	\$ 12,722
Total operating expenses	\$ 22,444	\$ 23,771

Operating Income

Before Depreciation

	\$ 10,229	\$ 9,620
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As the pandemic started to unfold, two priorities became very clear to us: continuity of service to our customers and the safety of our people."



Our world, our country, and our community have faced monumental challenges this year. In February as the pandemic started to unfold, two priorities became very clear to us: continuity of service to our customers and the safety of our people.

I have been deeply impressed by our team's ingenuity and commitment to meet these priorities. As an essential service to Saint Paul and serving the downtown hospitals, the planning to keep our operations reliable started well before the Governor's first orders for quarantine. From following CDC guidelines at work and home, to reconfiguring control rooms and restructuring maintenance work, our team has kept COVID exposures to a minimum, enabling our reliable service to customers this year.

Beyond energy delivery, we have continued to advance some organizational goals this year. We have added new customers and welcomed back renovated buildings to the system, outlined our carbon goals, and continued to optimize the system. This year we welcomed new companies to the system including BioTechne and 9th Street Lofts. We also supported existing customers with their new projects like the transition to residential for Degree on Cedar and the new birth center addition at Regions Hospital. As our customers work to reduce their carbon footprints, we continue to be their partner in environmental stewardship. After completing our carbon neutrality plan, we have announced our commitment to becoming carbon

neutral by 2050. As we work toward this goal, we will continue to meet our customers' priorities of reliability and cost. We were also very pleased to give a significant rebate to our cooling customers for the fifth consecutive year. This year, we were able to provide a rebate of \$250,000. The largest we have ever provided. This rebate is a direct result of our efforts to continue to optimize our systems to save money and energy, while also making the system more reliable.

Alongside other organizations, District Energy provided some additional support to our community this year through our giving program. I am grateful for the work of so many individuals and organizations committed to the resilience of Saint Paul including the Downtown Alliance, BOMA, and the Saint Paul Area Chamber of Commerce, where I recently completed service as the Board Chair. In this report, you will hear from some of the leaders that have helped to guide businesses and residents through 2020.

Thank you for your continued partnership as a customer and also for your support of our community. Together we can remain steadfast, and I am hopeful that we will emerge from this year with a renewed focus on the vitality of Saint Paul. 🌿

Ken Smith

Ken Smith
President and CEO



In distribution we are always thinking about reliability in the near and long-term. Even in this unique construction season, we were committed to completing all of the network maintenance, repair, and reliability projects that we had planned for the year.”

Gerry Gubash


Distribution Services Manager

VIEWS FROM OUR TEAM

Customers First

District Energy customers faced unique challenges this year including their heating, cooling, and general care for their buildings. Our team provided reliable energy services to support their businesses as well as guidance to help building operators save energy through the building occupancy transition while protecting their building assets.

We developed new approaches to our work this year to achieve our goal of continued service to our customers. Our operations including energy production, distribution, and biomass fuel management went beyond this achievement to advance their efforts to continuously improve system efficiency and reliability. From finishing the coal boiler conversion project to making distribution network repairs, the team accomplished strategic system improvements.

Our engineering services supported new customer connections as well as customer building efficiency projects. New customers added both heating and cooling demand to the system benefitting all customers. Additionally, we supported many customer energy efficiency projects with engineering and financial resources. By collaborating closely with energy production and distribution, this work in customer buildings helps to improve overall system efficiency. Plant operations are closely aligned with how our customers utilize energy in their buildings and through continued data review and analysis we are able to identify opportunities and work with customers to optimize their energy use. 

“From the energy production perspective, our primary focus has been to deliver energy to customers efficiently and keep the plant in a reliable state. Throughout the cooling and heating seasons, the team provided creative solutions to accomplish our scheduled maintenance and repairs to keep our operations running smoothly, while continuing to make dispatch methods more efficient.”

Chris Peterson

Director of Production




The challenges of the last year have proven that we are fortunate to be part of this resilient, caring, and supportive community. There is no question that we are better together and that better days are ahead.”

Sarah Berger

Director of Development & Communications
Neighborhood House

Supporting Our Community

Our giving and volunteering philosophy has been based on customers, community, and environment. This year with the significant need in our community, we expanded our giving to include matching gifts from our employees. This year we matched gifts to We Love the Midway/Saint Paul, Catholic Charities, and Neighborhood House. This support was above and beyond our ongoing giving to partners that support our customers, this community, and the environment, which remained consistent in 2020. 

“Our crew handled a record-breaking amount of wood delivery this year from residential tree removal, tree trimming, and ash tree removal. Seven days a week, the crew processed and delivered fuel to the plant to support reliable service to our customers.”

Jeff Guillemette

Biomass Fuel Manager, Environmental Wood Supply

VIEWS FROM OUR LEADERS AND COLLABORATORS



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Thank you to the leaders in Saint Paul who have helped our customers and organization navigate this year and prepare for a brighter future.



Our City came together in 2020 like never before to problem-solve the challenges created by COVID-19 and the associated economic impacts. **2020 reinforced for all of us that our partnerships and relationships are the most important asset we have in solving problems** ranging from pandemic response to civil unrest, and from racial injustice to our climate crisis. From the Saint Paul Bridge Fund that supported families and small businesses in need, to programs like Energize Saint Paul that are helping us meet our climate goals, in the City of Saint Paul we are continuing to live our core value of Building a Saint Paul for All.”

Russ Stark

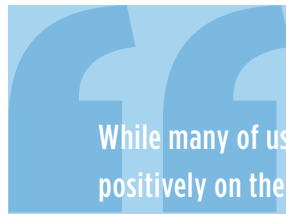
Chief Resilience Officer, City of Saint Paul



In 2020 the Saint Paul Downtown Alliance worked with downtown Saint Paul business leaders and property owners who came together to establish a downtown improvement district – a strategy used successfully around the country to leverage private sector investments to create a cleaner, safer and more vibrant downtown. The leadership and timing could not be more crucial as **we look to protect and recover our downtown economy during COVID-19 and beyond.** Our hope is that this coordinated, concerted effort will create an environment of resiliency and innovation where all of the District’s stakeholders thrive.”

Joe Spencer

President, Saint Paul Downtown Alliance



While many of us would prefer to forget 2020, I can’t help but reflect positively on the building owners and managers of Saint Paul and their incredible response to the pandemic. **From the start of the crisis in March, through the end of the year, buildings focused on the health of their employees and tenants.** By creatively adapting to the challenges presented by the virus and effectively communicating with all impacted individuals, they continued to operate, as appropriate, to ensure that tenants and employees could deliver essential services to customers and the community.”

Joe Spartz

President, Greater Saint Paul BOMA

District Energy St. Paul Board of Directors

Kris Taylor, Chairperson

Vice President of Community Relations, Ecolab

Erin Campbell

Assistant Commissioner for Facilities and Enterprise,
Minnesota Department of Administration
Large-sized customer representative

Heidi Conrad

Vice President & Chief Financial Officer, Regions Hospital

Julio Fesser

Vice President of Facilities Services, Securian Financial
Medium-sized customer representative

Beverly Jones Heydinger

Retired Chair, Minnesota Public Utilities Commission

Ken Peterson

Attorney and former Commissioner,
Minnesota Department of Labor and Industry

Pat Wolf

President, Commercial Real Estate Services
Small-sized customer representative

David Ybarra

President, Minnesota Pipe Trades Association

Ken Smith, Ex Officio

President & CEO, District Energy St. Paul